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Attorneys for Steven Grabell

_____	:	UNITED STATES BANKRUPTCY COURT
In re:	:	FOR THE DISTRICT OF NEW JERSEY
	:	
SHAPES/ARCH HOLDINGS L.L.C.,	:	CHAPTER 11
et al.	:	
	:	CASE NO. 08-14631 (GMB)
Debtors.	:	
_____	:	

ANSWER OF STEVEN GRABELL
TO MOTION TO EXPUNGE ADMINISTRATIVE CLAIM

Steven Grabell, through his counsel, Hangley Aronchick Segal & Pudlin, answers the Reorganized Debtors' Objection Seeking Order to Expunge Administrative Claim of Steven Grabell, ("Motion") as follows:

JURISDICTION

1. Admitted.

BACKGROUND

A. Filing of Debtors' Bankruptcy Cases

2. Admitted.
3. Admitted.
4. Admitted.

B. The Debtors' Business

5. Admitted except that the Debtors have sold their business.
6. Admitted except that the Debtors have sold their business.
7. Admitted except that the Debtors have sold their business.
8. Admitted except that the Debtors have sold their business.
9. Admitted except that the Debtors have sold their business.

C. Bar Date to File Proofs of Claim

10. Admitted.
11. Admitted.
12. Admitted.
13. Admitted.
14. Admitted.

D. Confirmation of the Debtors' Joint Plan

15. Admitted.
16. Admitted.

E. Grabell's Administrative Claim

17. Admitted.
18. It is admitted that Grabell filed a Proof of Claim, a copy of which is attached to

the Motion as Exhibit A. The Movants' characterization thereof is denied. In particular, but without limitation, Grabell did not designate the entire amount of his claim as an unsecured, nonpriority claim. To the contrary, the status of Grabell's claim was conspicuously qualified by Exhibit A to the Proof of Claim, which stated that up to \$356,571.00 of Grabell's claim would be entitled to priority as an administrative expense.

19. It is admitted that Grabell filed a request for administrative expense, a copy of which is attached to the Motion as Exhibit B. Movants' characterization is denied.

20. Admitted.

RELIEF REQUESTED

21. It is denied that Movants are entitled to the relief sought.

BASIS FOR RELIEF REQUESTED

A. Grabell's Administrative Claim is Time Barred

22. The Administrative Claim Bar Date Order speaks for itself and Movants' characterization thereof is denied.

23. It is admitted that Grabell's administrative claim was filed on September 5, 2008. It is denied that Grabell could or should have filed his request for administrative claim on or before the earlier Bar Date because, among other reasons, his administrative claim arises under an executory contract which had not been assumed or rejected at that time. Moreover, by its terms the Administrative Claim Bar Date Order only applied to administrative claims accruing through June 15, 2008.

B. Grabell's Administrative Claim Fails to Provide Required Supporting Documents

24. Denied. Rule 3001 has no application to administrative claims, but only applies to pre-petition claims.

25. Denied. Grabell's compensation agreement is set forth in the 2005 agreement which was duly attached to his Proof of Claim. Moreover, the 2005 Agreement attached to the claim clearly provides, on its face, that the liquidated amount of \$1,220,000.00 had accrued and was fully earned and vested pursuant to the earlier agreement to which Movants refer. There was no need to attach the earlier agreement.

C. Grabell's Failure to Properly Disclose His Alleged Bonus as a Breach of Fiduciary Duty and Bars Grabell's Administrative Claim

26. Denied. Grabell has made all necessary disclosures.

27. Denied. Grabell has made all necessary disclosures.

28. It is denied that the Motion was timely served on Grabell or his counsel; however, it is admitted that no further notice at this time is required.

Dated: December 9, 2008

HANGLEY ARONCHICK SEGAL & PUDLIN

By:_____

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_____	:	

PROPOSED ORDER
TO MOTION TO EXPUNGE ADMINISTRATIVE CLAIM

And now this ____ day of _____, 2008, upon consideration of the request of Steven Grabell for payment of administrative expense, the Objection filed by the Reorganized Debtors thereto, after notice and hearing, it is hereby ORDERED that Steven Grabell is hereby allowed an administrative expense claim in the amount of \$356,571.00 and the Reorganized Debtors are directed to pay such amount to Steven Grabell forthwith.

Gloria M. Burns, Bankruptcy Judge

CERTIFICATE OF SERVICE

I, Ashely M. Chan, do hereby certify that on this date a true and correct copy of the foregoing Answer of Steven Grabell to Motion to Expunge Administrative Claim and attached Proposed Order has been served electronically upon the following:

Alan J. Brody, Esquire
Greenberg Traurig, LLP
200 Park Avenue
Florham Park, NJ 07932

Date: December 9, 2008

Ashely M. Chan, Esquire